To the Quotaholders of
Sociedade Mineira de Catoca, Lda.

Report of the independent auditor

We have audited the accompanying financial statements of Sociedade Mineira de Catoca, Lda at 31 December 2012. These financial statements comprise the balance sheet with a total assets of 365 580 million of United States of Dollars (USD) and a net equity of USD 190.520 million including a profit for the period of USD 131 731 million, the profit and loss account and a statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Angola and for such internal control, as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion .

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the entity's financial affairs at 31 December 2012 and of its profit and cash flows for the year then ended in accordance with accounting principles generally accepted in Angola.

For PricewaterhouseCoopers (Angola), Lda.

Ricardo Santos

Ricardo Santos
Partner

Luanda
13 March 2013

PricewaterhouseCoopers (Angola), Limitada, Edifício Presidente
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BALANCE SHEET

as at 31 December 2012 and 2011 — USD'000

CATOCA

	NOTAS	2012	2011
ASSETS			
Non-current Assets			
Tangible fixed assets	4	663 608	560 842
Intangible fixed assets	5	721	721
Fixed assets in progress	4	20 726	17 300
Investment in subsidiaries and associates	6	64	64
Accounts receivable	9	4 985	1 894
		690 104	**580 821**
Acumulated depreciation	4	(483 441)	(423 790)
Total non-current assets		**206 663**	**157 031**
Current Assets			
Inventories	8	74 906	65 313
Accounts receivable	9	35 412	96 774
Cash	10	46 274	57 525
Other current assets	11	2 325	413
Total Current Assets		**158 917**	**220 025**
TOTAL ASSETS		**365 580**	**377 056**
QUOTAHOLDERS' EQUITY AND LIABILITIES			
Quotaholders' Equity			
Share Capital	12	29 268	29 268
Legal Reserve	13	16 828	16 828
Other Reserves	13	12 693	12 693
Profit for the year		131 731	141 581
Total Quotaholders' Equity		**190 520**	**200 370**
Non-currrent Liabilitties			
Suppliers	19	—	1 510
Medium and long term loans	15	33 822	10 720
Provision for other risks and charges	18	2 569	2 569
Total Non-current Liabilities		**36 391**	**14 799**
Current Liabilities			
Suppliers	19	126 275	140 888
Short term loans	20	—	1 693
Short term part of long term loans	15	8 184	15 162
Other current liabilities	21	4 210	4 144
Total Current liabilities		**138 669**	**161 887**
TOTAL LIABILITIES AND QUOTAHOLDERS' EQUITY		**365 580**	**377 056**

Luanda, 11 March 2013

José Manuel Augusto Ganga Júnior
General Director

David Mishal
Administration and Financial Director

PROFIT AND LOSS ACCOUNTS

as at 31 December 2012 and 2011 — USD'000

	NOTAS	2012	2011
Sales of diamonds	22	579 354	611 306
Services rendered	23	—	—
Other operational income	24	5 566	10 710
		584 920	**622 016**
Change in finished stocks	25	6 064	(8 124)
Production for own consumption	26	102	121
Production expenses	27	(101 320)	(95 418)
Personnel costs	28	(121 020)	(109 218)
Depreciation	29	(62 154)	(53 440)
Other operating costs and losses	30	(120 543)	(113 256)
Operational results		**186 049**	**242 681**
Financial income (losses)	31	3 660	598
Non-operational income	33	(14 052)	(6 931)
Income before tax		**175 657**	**236 348**
Income tax	35	**(43 926)**	**(94 767)**
NET INCOME FOR THE YEAR		**131 731**	**141 581**

Luanda, 11 March 2013

José Manuel Augusto Ganga Júnior
General Director

David Mishal
Administration and Financial Director

STATEMENT OF CASH FLOWS

as at 31 December 2012 and 2011 — USD'000

CATOCA

	NOTAS	2012	2011
Cash flows from operating activities			
Receipts from customers from the sale of products		636 235	554 425
Payments to suppliers		(241 075)	(182 637)
Payments to employees		(64 931)	(52 767)
Payments of Tax on Employees' remuneration (IRT)		(7 840)	(6 126)
Payments to the Social Security Fund (FFSS)		(5 455)	(4 384)
Cash and cash equivalents generated from operations		**316 934**	**308 511**
Advance payments of 2012 corporation tax and other taxes paid	19	(20 278)	(21 397)
Payment of the balance of 2011 corporation tax	19	(73 371)	(56 711)
Payment of royalties		(28 969)	(30 565)
Payment for services provided during the sales of diamonds		(2 504)	(18 280)
Payment of security		(7 841)	(5 460)
Payment of dividends		(97 619)	(93 118)
Payment of witholding tax on dividends		(14 158)	(11 175)
Cash provided by operating activities		**72 194**	**71 805**
Cash flows from investing activities			
Acquisition of fixed assets and civil construction		(91 965)	(52 876)
New investments (Lapi and Luemba)		(8 455)	(1 485)
Interest received		2 461	2 711
Cash used in investing activities		**(97 959)**	**(51 650)**
Cash flows from financing activities			
Loans — financial institutions and suppliers		14 514	(16 369)
Cash used in financing activities		**14 514**	**(16 369)**
Increase in cash and equivalents		**(11 251)**	**3 786**
Cash and equivalents at the beginning of the year		**57 525**	**53 739**
Cash and equivalents at the end of the year	47	**46 274**	**57 525**

Luanda, 11 March 2013

José Manuel Augusto Ganga Júnior
General Director

David Mishal
Administration and Financial Director

The notes to the financial statements are disclosed in a numerical sequence as established by the General Charter of Accounts. The notes omitted, were either not applicable to the company, or not relevant for disclosure. All amounts are in USD thousand.

1. INTRODUCTION

Sociedade Mineira de Catoca, Lda. (the Company), was founded as a mixed capital company in accordance with an incorporation agreement dated 26th October 1992 and was incorporated by public deed on 16th September 1993. Its main objective is the exploration, survey, development, mining, treatment and sale of diamonds and other minerals.

The Company bases its administrative services on the mining site – Lunda Sul –, and its financial and logistics functions in Luanda headquarters; there is also a representative office in Moscow.

Total net profit for the year ended 31st December 2012, is USD 131 731 thousand (2011 – USD 141 581 thousand), which represents a decrease of 7%, as a result of the instability in the international price of the diamond, (the average price in 2012 was 5% lower than in 2011) the quantities of diamonds sold by Catoca during the year were very close to the quantities sold in 2011. These conditions allowed the Company to invest USD 108 816 thousand in fixed assets and infrastructure (2011 – USD 55 178 thousand) and to distribute USD 120 132 thousand of social welfare in the form of salaries and other fringe benefits, such as food and transportation (2011 – USD 110 480 thousand) and to pay income taxes and other contributions to the State in the amount of USD 167 538 thousand (2011 – USD 156 957 thousand).

2. PRESENTATION OF FINANCIAL STATEMENTS

The Company prepares its annual statutory financial statements in accordance with the legal requirements in the currency of Angola, the Kwanza and in the functional currency the US dollar.

These financial statements in US dollars are presented in conformity with accounting principles generally accepted in Angola. These statements were prepared based on the principles and procedures disclosed in Note 2.1.

2.1 Accounting policies and procedures

The financial statements have been prepared on the going concern, accruals basis in order to properly reflect the Company's financial position and were drawn up in accordance with accounting principles generally accepted in Angola. The principal accounting policies and procedures followed by the Company are as follows:

(a) The accounting records are kept in the functional currency, the US dollar, and then automatically converted into the local currency, the Kwanza (Kz), taking into consideration IAS 21.

(b) The historical cost principle is applied to the US dollar accounting records: where assets are recorded at the date of acquisition for the amount of cash or cash equivalents paid or payable in order to acquire them. Liabilities are recorded at the value of the proceeds received in exchange for the related obligation or, under certain circumstances, at the amount of cash expected to be paid in order to meet the liability in the normal course of business.

(c) The valuation and measurement criteria used for assets and liabilities is as follows:

(I) FIXED ASSETS — are recorded at their historical cost of acquisition in US Dollars, including any applicable insurance and freight charges. Items are recognized as fixed assets when the related risks and ownership are transferred from the supplier to the company.

(II) PRE-OPERATING EXPENSES — all expenses incurred during the installation and development stages of the company, or later expansion of the company are recorded in this account and are amortized as intangible fixed assets from the time production begins.

(III) STOCKSS — raw materials, parts, accessories and foodstuffs are recorded at invoice price which includes insurance and freight charges. Diamond stocks at 31st December 2012 have been valued at the monthly cost of production, specific to each batch.

(IV) DEBTORS AND CREDITORS — the movements in these accounts are converted at the exchange rate on the date of the transaction and payments or receipts are recorded using the exchange rate prevailing on the date of payment or receipt. The foreign currency balances in these accounts are updated monthly using the official exchange rate. Any differences arising from the use of these different exchange rates are accounted for as gains or losses and disclosed in Note 31.

Investments in new concessions are evaluated at the end of each accounting period to determine whether any provision for impairment is required to cover the risks of nonrecoverability of such investments. Once there is unequivocal evidence of economic and technical feasibility, any impairment provision is reversed. The Company's investment is then repaid by the Association responsible for the mine before it declares any dividends.

(V) CASH AND CASH EQUIVALENTS — cash and cash equivalents in currency other than the functional currency are translated using the official year-end exchange rate. Increases and decreases in these funds are recorded using the exchange rate prevailing on the date of the transaction.

(VI) SALES — product sales are recognized when risk and reward are transferred to the customer. Sales occur generally only once a month due to the nature of the product and are valued based on the amounts presented on the invoice, which corresponds to the price negotiated with the buyer by means of an independent evaluation carried out by an expert contracted by the seller and the buyer.

(VII) DEPRECIATION — the Company follows the industry practice of depreciating its fixed assets according to fiscal criteria and the related rates of depreciation properly reflect the estimated useful life of each asset. During the start-up stage, depreciation is charged to intangible assets and is recoverable in future years.

(VIII) INCOME TAX — this is calculated at 25% (2011 – 40%) of the profit before tax adjusted for any losses in the past five years in accordance with the law 31/11 of 23rd September and by the law 5/99 dated 6th August that regulates the changes on the Industrial Tax Act.

4. TANGIBLE FIXED ASSETS

4.1 Breakdown

	GROSS VALUE	ACCUMULATED DEPRECIATION	NET BOOK VALUE
Land	3 850	—	3 850
Buildings and premises	118 000	74 917	43 083
Machinery and equipment *(a)*	485 346	377 988	107 358
Transportation equipment	22 349	5 741	16 608
Administrative equipment	18 931	13 179	5 752
Other fixed assets	15 132	10 895	4 237
Fixed assets in progress *(b)*	20 726	—	20 726
TOTAL	**684 334**	**482 720**	**201 614**

4.2 Breakdown by valuation criteria

	NET BOOK VALUE		
	HISTORICAL COST	REVALUATION	TOTAL
Land	3 850	—	3 850
Buildings and premises	43 083	—	43 083
Machinery and equipment *(a)*	107 358	—	107 358
Transportation equipment	16 608	—	16 608
Administrative equipment	5 752	—	5 752
Other fixed assets	4 237	—	4 237
Fixed assets in progress *(b)*	20 726	—	20 726
TOTAL	**201 614**	—	**201 614**

4.3 Gross value — Movements in the period

	31ST DEC 11	ADDITIONS	DISPOSALS (C)	TRANSFERS (D)	31ST DEC 12L
Land	3 850	—	—	—	3 850
Buildings and premises	96 276	—	—	21 724	118 000
Machinery and equipment *(a)*	414 925	52 607	(1 848)	19 682	485 346
Transportation equipment	14 418	8 131	(200)	—	22 349
Administrative equipment	17 720	1 359	(192)	44	18 931
Other fixed assets	13 654	1 862	(384)	—	15 132
Fixed assets in progress *(b)*	17 299	44 857	—	(41 430)	20 726
TOTAL	**578 142**	**108 816**	**(2 624)**	**0**	**684 334**

(a) The main acquisitions relate to articulated trucks, bulldozers, backhoes, power generators and other heavy machinery (amounting to some USD 42 838 thousand). Additionally, some major overhauls were capitalized (totaling USD 9769 thousand).

(b) Increase in "Fixed assets in progress" mainly relates to the following projects: pulp pumping station (USD 939 thousand), paving the machine workshop access path (USD 2791 thousand), improvements to the feeding hopper for central processing plant II (USD 1174 thousand), deep horizons wells drilling (USD 608 thousand), construction of a kitchen and dining hall (USD 5947 thousand), construction of a explosive assembling plant (USD 348 thousand), construction of a new dormitory B11 (USD 1187 thousand), construction and assembly of a central warehouse (USD 1331 thousand), construction of an oil treatment plant (USD 2030 thousand), overhaul services on Liebherr crawler excavators (USD 7610 thousand), overhaul services on central processing plants I and II (USD 4174 thousand), modernization of the conveyor belt systems – phases I and III (USD 8439 thousand). During 2012 most of these investments were transferred to tangible assets at the time of completion (see note (d) below). Thus, the major investments in progress as at December 31st, 2012 were: construction and assembly of a central warehouse (USD 1331 thousand), deep horizons wells drilling (USD 2395 thousand), construction of a new hall of residence – B11 dormitory (USD 2419 thousand), modernization of the conveyor belt systems – phases I and III (USD 1517 thousand), overhaul services on Liebherr crawler excavators (USD 7610 thousand).

(c) The most significant disposals (in thousands of U.S. dollars) in 2012 were trucks, obsolete machinery and equipment with no further use.

(d) The main transfers of assets from work in progress to tangible assets for the year 2012 were as follows: Overhaul services on central processing plants I and II (USD 11 207), construction of the kitchen and dining hall (USD 9863 thousand), modernization of the conveyor belt systems – phases I and III (USD 8439), enlargement of the machine workshop facility (USD 5468 thousand), fuel pumping station (USD 1500 thousand), paving work of the main accessing road to Catoca (USD 1145 thousand) and construction of Catoca hospital facility (USD 582 thousand).

4.4 Accumulated depreciation — movements in the period

ACCUMULATED DEPRECIATION	31ST DEC 11	CHARGE	DISPOSALS	31ST DEC 12L
Buildings and premises	63 497	11 420	—	74 917
Machinery and equipment *(a)*	336 026	43 777	(1 815)	377 988
Transportation equipment	2 194	3 687	(140)	5 741
Administrative equipment	11 194	2 164	(179)	13 179
Other fixed assets	10 158	1 107	(370)	10 895
TOTAL	**423 069**	**62 155**	**(2 504)**	**482 720**

AS AT 31st DECEMBER 2012 — USD'000

5 INTANGIBLE FIXED ASSETS

5.1 Breakdown

ACCOUNTS	GROSS VALUE	ACCUMULATED DEPRECIATION	NET BOOK VALUE
Development expenditure	721	721	—
TOTAL	**721**	**721**	—

5.2 Gross value — Movements in the period

FIXED ASSETS	31ST DEC 11	ADDITIONS	DISPOSALS (C)	31ST DEC 12
Development expenditure	721	—	—	721
TOTAL	**721**	—	—	**721**

5.3 Accumulated depreciation — movements in the period

ACCUMULATED DEPRECIATION	31ST DEC 11	CHARGE	DISPOSALS	31ST DEC 12
Development expenditure	721	—	—	721
TOTAL	**721**	—	—	**721**

6 INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

6.1 Breakdown

	GROSS VALUE	PROVISIONS	NET BOOK VALUE
Affiliates:			
Share capital	64	—	64
TOTAL	**64**	—	64

8 INVENTORIES

8.1 Breakdown

DESCRIPTION	GROSS VALUE	PROVISIONS	31ST DEC 12
Raw and subsidiary materials, and consumables	45 075	1 803	43 272
Products and work in progress	182	182	—
Finished and intermediate products *(a)*	26 403	—	26 403
Merchandise	—	—	—
Raw materials, merchandise/materials in transit	5 231	—	5 231
TOTAL	**76 891**	**1 985**	**74 906**

(a) Finished products comprise 638,202 carats of diamond valued at cost of production (2011 – 582,492 carats), valued at the cost of production as at December 2012..

8.2 Provisions — Movements in the period

PROVISIONS	31ST DEC 11	CHARGE	DISPOSALS	31ST DEC 12
Raw and subsidiary materials, and consumables	1 681	122	—	1 803
Products and works in progress	174	8	—	182
TOTAL	**1 855**	**130**	—	**1 985**

9. ACCOUNTS RECEIVABLE

DESCRIPTION	CURRENT	NON-CURRENT		
		MATURING IN UP TO 5 YEARS	MATURING IN MORE THAN 5 YEARS	TOTAL
Gross Value				
Clients	—	—	—	—
Suppliers — (Prepayments)	17 783	—	—	—
Related companies *(a)*	—	23 875	—	23 875
Personnel	5 806	—	—	—
Other debtors *(b)*	11 823	4 985	—	4 985
TOTAL	35 412	28 860	—	28 860
Provision for impairment of investments *(a)*	—	(23 875)	—	(23 875)
TOTAL	**35 412**	**4 985**	—	**4 985**

(a) Joint Venture Associations Lapi and Luemba and new concessions

AS AT 31st DECEMBER 2012 — USD'000

In September 2006, the Department of Geology and Mines, by Executive Decree 125/06 published in the Official Gazette Series I – 113 on 19 September, approved the constitution of the Lapi Joint Venture Association. The Association's members comprise Endiama E.P (41%), Jasiminas Mining Exploitation Lda (14%), Mombo Agro Pecuaria e Comercio Geral Lda (13%) and Sociedade Mineira do Catoca (32%). The Association was formed to prospect for and prove secondary diamond deposits in an area of 240 km² denominated Lapi.

In September 2006, the Department of Geology and Mines, by Executive Decree 126/06 published in the Official Gazette Series I – 114 on 20 September, also approved the Luemba Joint Venture Association. Its members comprise Endiama E.P (41%), Ouse Investments Limited (Angola branch) (17%), Nawa Nawa (5%) and Sociedade Mineira do Catoca (32%). The Association was formed to prospect for and prove secondary diamond deposits in an area of 85.7km² denominated Luemba.

In November 2006 both Joint Ventures were granted concessions to prospect for and prove primary diamond deposits (Decree 93/06 for the area denominated Lapi and Decree 92/06 for the area denominated Luemba, made public in Series I Republic Gazette – nº 138 on the 15th of November).

During the exploration and evaluation phase the Company is the sole responsible for all the risks associated with the investments. The pre-feasibility study, raised some uncertainty on the recoverability of these investments, leading management to the decision of reinforcing the 2008 provision, so as to amount the total value capitalized until 31st December 2012 as a precautionary measure as prescribed in the number II, point c) of the note 2.1.

During 2012, exploration and evaluation costs, amounting to USD 23 875 thousand (2011 – USD 17 158 thousand) were capitalized, USD 13 806 thousand (2011 – USD 10 467 thousand) in respect of Luemba and USD 8,160 thousand (2011 – USD 6691 thousand) in respect of Lapi and USD 1909 thousand for the new concessions.

(b) Other debtors

DESCRIPTION	2012	2011
Deposits	178	188
Outsourcing companies *(a)*	2 593	6 113
Advances to third parties	1 562	1 846
Advances to customs broker	2 012	1 661
Other	5 478	4 349
TOTAL	**11 823**	**14 157**

(a) This amount relates to transfer of assets.

10 CASH AND BANK

DESCRIPTION	2012	2011
Bank accounts	46 217	57 295
Cash	57	230
TOTAL	**46 274**	**57 525**

Cash and bank includes USD 41 989 thousand (2011 – USD 55 986 thousand), and USD 4285 thousand (2011 – USD 1539 thousand) in Kwanzas, Rands and other currencies..

11 OTHER CURRENT ASSETS

DESCRIPTION	2012	2011
Expenses to be spread over future accounting periods:		
Insurance of vehicles and equipment	1	1
Rent of property	370	191
Insurance of health	1 737	84
Insurance of transport	37	68
Others	180	69
TOTAL	**2 325**	**413**

12 QUOTA HOLDERS' EQUITY

12.1 Breakdown and movements in the period

DESCRIPTION	OPENING BALANCE	INCREASES	DECREASES	CLOSING BALANCE
Share Capital	29 268	—	—	29 268
TOTAL	**29 268**	—	—	**29 268**

12.2 Share capital

DESCRIPTION	OPENING BALANCE	INCREASES	DECREASES	CLOSING BALANCE
Quota holders with interest over 20 %:				
Endiama — Empresa Nacional de Diamantes de Angola	9 600	—	—	9 600
Almazi Rossii Sakha S/A	9 600	—	—	9 600
Other Quota holders:				
LL International Holding B.V.	5 268	—	—	5 268
Odebrecht Mining Service Inc	4 800	—	—	4 800
TOTAL	**29 268**	—	—	**29 268**

13 RESERVES

13.1 Breakdown

DESCRIPTION	OPENING BALANCE	INCREASES	DECREASES	CLOSING BALANCE
Legal reserves *(a)*	16 828	—	—	16 828
Reserves for special purpose *(b)*	12 693	—	—	12 693
TOTAL	**29 521**	—	—	**29 521**

(a) The legal reserve was created to comply with Article 191 of the Commercial Code and may only be used to increase the share capital or cover losses after all other reserves have been used.

(b) Reserve for severance pay totaling USD 6693 thousand, with the objective of safeguarding workers' rights as provided for in the General Labor Law and Investment Reserve for a total of USD 6000 thousand.

14 RETAINED EARNINGS

14.1 Breakdown

DESCRIPTION	OPENING BALANCE	INCREASES	DECREASES	CLOSING BALANCE
Opening balance	—	—	—	—
Movements in the period:				
Transfer of earnings from previous periods	—	141 581	—	141 581
Allocation of earnings *(a)*	—	—	(141 581)	(141 581)
TOTAL	—	**141 581**	**(141 581)**	**0**

(a) Allocation of earnings

DESCRIPTION	2012	2011
Reserves with special purpose	—	—
Distribution of dividends/profit	141 581	111 752
TOTAL	**141 581**	**111 752**

15 LOANS

15.1 Breakdown

DESCRIPTION	CURRENT	NON-CURRENT		
		MATURING IN UP TO 5 YEARS	MATURING IN MORE THAN 5 YEARS	TOTAL
Bank Loans	8 184	30 603	—	30 603
Other loans	—	3 219	—	3 219
TOTAL	**8 184**	**33 822**	—	**33 822**

15.2 Movements during the period

DESCRIPTION	OPENING BALANCE	INCREASES	DECREASES	CLOSING BALANCE
Bank Loans	22 707	16 080	—	38 787
Other Loans *(a)*	3 175	44	—	3 219
TOTAL	**25 882**	**16 124**	—	**42 006**

(a) Increase relates to interest.

15.3 Terms of loans

DESCRIPTION	INTEREST RATE	FOREIGN CURRENCY	AMOUNT IN LOCAL CURRENCY
Bank loans in USD thousand	Libor + 1% up to 7,5% per annum	38 787	3 707 533
Bank loans in USD thousand	Libor + 1% per annum	3 219	307 695
TOTAL		**42 006**	**4 015 228**

Loans represent: (I) interest capitalized on the premium subsequently converted to a loan amounting to USD 3219 thousand paid by LL International Holding BV (formerly Daumonty Financing Company B.V.) a quotaholder, (II) the medium and long term portions of loans amounting to USD 30 603 thousand obtained from Banco Caixa Geral Totta de Angola, Banco de Negócios Internacional and Banco Africano de Investimentos (III) and the short term parts for these loans, amounting to USD 8184 thousand with interest rates varying from 5,6% to 7,5% per annum.

AS AT 31st DECEMBER 2012 — USD'000

18 PROVISIONS FOR OTHER RISKS

18.1 Movements in these provisions during the period:

DESCRIPTION	OPENING BALANCE	INCREASES	DECREASES	CLOSING BALANCE
Provisions for other risks and charges *(a)*	2 569	—	—	2 569
TOTAL	**2 569**	—	—	**2 569**

(a) Provision for employees' retirement compensation (Art. 262 Labors Act).

19 ACCOUNTS PAYABLE

19.1 Breakdown

DESCRIPTION	CURRENT	NON-CURRENT		
		MATURING IN UP TO 5 YEARS	MATURING IN MORE THAN 5 YEARS	TOTAL
Suppliers — current account	47 155	—	—	—
State *(a)*	27 795	—	—	—
Related companies	37 210	—	—	—
Personnel	5 459	—	—	—
Other creditors	8 656	—	—	—
TOTAL	**126 275**	—	—	—

a) This item breaks down as follows:

DESCRIPTION	2012	2011
Tax on profits	—	—
Advances	(20 278)	(21 396)
Withholdings	—	—
Charge for the year	43 926	94 767
	23 648	**73 371**
Production and consumption tax	2 437	2 302
Personal income tax	587	483
Turnover tax	7	2
Other taxes	1 116	964
TOTAL	**27 795**	**77 122**

20 SHORT TERM LOANS

20.1 Breakdown and movements during the period:

DESCRIPTION	OPENING BALANCE	INCREASES	DECREASES	CLOSING BALANCE
Bank overdraft	—	—	—	—
Bank loans in USD	1 693	—	(1 693)	—
TOTAL	**1 693**	—	**(1 693)**	—

21 OTHERS CURRENT LIABILITIES

21.1 Breakdown

DESCRIPTION	2012	2011
Income to be spread over future periods		
Holidays, holidays subsidies and compensation	4 210	4 144
TOTAL	**4 210**	**4 144**

NOTES TO THE PROFIT AND LOSS ACCOUNT (INCOME STATEMENT)

22 SALES

22.1 Breakdown of sales by market

DESCRIPTION	2012	2011
Internal market		
Sales	579 354	611 306
TOTAL	**579 354**	**611 306**

22.2 Breakdown of sales by activities

DESCRIPTION	2012	2011
Extraction, processing and sales of diamonds	579 354	611 306
TOTAL	**579 354**	**611 306**

23 SERVICES RENDERED

AS AT 31st DECEMBER 2012 — USD'000

24 OTHER OPERATIONAL INCOME

24.1 Breakdown

DESCRIPTION	2012	2011
Other operational income	5 566	10 710
TOTA	**5 566**	**10 710**

25 CHANGE IN FINISHED PRODUCTS AND INTERMEDIATE PRODUCTS

DESCRIPTION	OPENING BALANCE	GIFTS AND LOSSES OR GAINS	CLOSING BALANCE	EXCHANGE VARIATION	MOVEMENT IN THE YEAR
Finished and intermediate products	20 339	—	26 403	—	6 064
TOTAL	**20 339**	—	**26 403**	—	**6 064**

26 PRODUCTION FOR OWN CONSUMPTION

DESCRIPTION	2012	2011
Works for inventories	102	121
TOTAL	**102**	**121**

27 COSTS OF SUBSIDIARY MATERIALS CONSUMED

DESCRIPTION	OPENING INVENTORIES	PURCHASES	GIFTS AND LOSSES OR GAINS	CLOSING INVENTORIES (8.1)	COST IN THE YEAR
Raw materials, subsidiary and consumption materials	42 448	103 947	—	45 075	101 320
TOTAL	**42 448**	**103 947**	—	**45 075**	**101 320**

28 PAYROLL

DESCRIPTION	2012	2011
Directors' remuneration	1 497	1 205
Other remunerations	119 523	108 013
TOTAL	**121 020**	**109 218**
Number of employees in the company's service *(a)*	2 024	2 050

(a) Reduction due to outsourcing (Logistics).

29 DEPRECIATION

DESCRIPTION	2012	2011
Tangible assets (Note 4)	62 154	53 440
Intangible assets (Note 5)	—	—
TOTAL	**62 154**	**53 440**

30 OTHER OPERATIONAL COSTS

DESCRIPTION	2012	2011
Sub-contract	57 670	37 860
Third party supplies and services:		
Third party fees/commission	994	15 778
Electricity *(a)*	10 680	11 546
Maintenance and repair	1 235	72
Other third party supplies and services	20 733	17 090
Taxes	29 231	30 910
TOTAL	**120 543**	**113 256**

31 FINANCIAL INCOME/(LOSSES)

DESCRIPTION	2012	2011
Financial income and gains:		
Interest	2 912	3114
Foreign exchange differences		
Realized	5 120	4 247
Unrealized	210	83
Discounts obtained from immediate cash payment	113	209
Financial costs and losses:		
Interest *(a)*	1 366	1 647
Foreign exchange differences		
Realized	1 953	3 923
Unrealized	281	527
Discounts granted from immediate cash payment		
Others	1 095	956
	4 695	**7 054**
TOTAL	**3 660**	**598**

(a) Includes amount of USD 66 thousand related to the interest on the loan from LL International Holding B.V. for the year 2012 (see note 15.2); and bank interest of USD 1300 thousand.

32 NON-OPERATIONAL INCOME

DESCRIPTION	2012	2011
Non-operational income and gains:		
Provisions repositions		
Inventories (Note 8)	—	233
Gains on fixed asset	74	140
Contractual penalties earned	—	86
Prior period adjustment	269	504
Other non-operational income and gains	—	—
	343	**963**
Non-operational costs and losses:		
Provisions		
Inventories (Note 8)	122	—
Impairment of investments (Note 9)	6 717	1 485
Other risks and charges	—	569
Losses on fixed assets	—	—
Losses on inventories	51	108
Contractual fines and penalties	—	—
Prior period adjustment	46	5
Other non-operational costs and losses	76	2 196
Outros custos e perdas não operacionais	7 383	3 532
	14 395	**7 894**
TOTAL	**(14 052)**	**(6 931)**

35 INCOME TAX

DESCRIPTION	2012	2011
Accounting income	175 657	236 348
Deductions not allowed for tax purposes *(a)*	46	569
Taxable profits (fiscal loss)	**175 703**	**236 917**
Nominal taxation rate	25%	40%
Tax on ordinary Income *(b)*	**43 926**	**94 767**
Actual taxation rate	25%	40%

(a) Provision for employees' retirement compensation (Art. 262º Angolan Labor Act)

(b) These taxes breakdown as follows:

DESCRIPTION	2012	2011
Tax on ordinary Income	43 926	94 767
TOTAL	**43 926**	**94 767**

36 RESPONSIBILITIES ACCEPTED AND NOT REFLECTED IN THE BALANCE SHEET

DESCRIPTION	2012	2011
Guarantees *(a)*	39 837	23 729
Letters of Credit *(b)*	9 499	22 400
TOTAL	**49 336**	**46 129**

(a) The guarantees are given a title in the following banks:

	ORIGINAL CURRENCY	USD THOUSAND	KZ THOUSAND
Banco Caixa Geral Totta de Angola — usd (I)	30 979	30 979	2 961 209
Banco de Negócios Internacional — usd (II)	1 888	1 888	180 497
Banco Africano de Investimentos — usd (II)	4 386	4 386	419 270
Banco Sol — usd (II)	2 584	2 584	246 961
TOTAL	**39 837**	**39 837**	**3 807 937**

(I) Bank Guarantees on equipment, acquired through bank loans in the amount of USD 29 952 thousand and for employees housing plan, vehicle acquisitions and other needs in the amount of USD 1027 thousand.

(II) Guarantees on equipment acquired, through bank loans.

(b) Letter of Credit

The "Banco Caixa Geral Totta de Angola, SA" issued a Letter of Credit for imports on behalf of Catoca worth approximately USD 8740 thousand, for a period of 3 years and 6 months on a commercial credit transaction for the purchase of trucks. The approximate value of the current debt is 1457 thousand USD.

During 2012, more letters of credit were issued by the same entity for the purchase of transportation equipment, worth USD 8042 thousand, to equal a total of USD 9499 thousand.

40 RELATED PARTIES TRANSACTIONS:

The main entities related to the Company are:

- *Endiama E.P. (ENDIAMA)*
- *Almazi Rossii Sakha SA (AlRS)*
- *Odebrecht Mining Services Inc. (OMSI)*
- *LL International Holding B.V. (LL)*

Companies from OMSI's group:

- *Construtora Norberto Odebrecht SA (CNO)*
- *Odebrecht Angola Projects and Services Ltd (OAPs)*

The Sodiam Diamond Trading Society (SODIAM) group Endiama and the participating Associations Lapi Luemba (LAPI / Luemba)

AS AT 31st DECEMBER 2012 — USD'000

The balances resulting from transactions with these entities are:

ACCOUNTS	ENDIAMA	CNO	ALRS	LLI	OMSI	OAPS	SODIAM	LAPI/LUEMBA	TOTAL
Accounts Receivable (note 9)	0	0	0	0	0	0	0	21 965	**21 965**
Provision for impairment (note 9)	0	0	0	0	0	0	0	-21 965	**-21 965**
Other debtors (note 9)	0	135	0	0	0	0	0	0	**135**
Total in Assets	**0**	**135**	**0**	**0**	**0**	**0**	**0**	**0**	**135**
Suppliers — current account (note 19)	0	854	0	0	0	0	1 538	0	**2 392**
Loans (note 15.1)	1 056	0	1 056	579	528	0	0	0	**3 219**
Total in Liabilities	**1 056**	**854**	**1 056**	**579**	**528**	**0**	**1 538**	**0**	**5 611**
Other operational costs and losses (note 30)	0	2 700	0	0	0	20	454	0	**3 174**
Interest (note 31)	22	0	22	11	11	0	0	0	**66**
Total in Profit and Loss account	**22**	**2 700**	**22**	**11**	**11**	**20**	**454**	**0**	**3 240**

42 OTHER INFORMATION

(I) Dividends proposals

Management will propose the total amount of the net profit for the period (USD 131 731 (2011 – USD 141 581 thousand) to be distributed as dividends.

(II) Plans for investment in environmental restoration

In 2010, the Company obtained an Environmental Impact study from a specialized company to assess the impacts to the environment from its mining operations and determine what measures would be required to mitigate them. Management believes that measures already taken by the Company (USD 553 thousand were spent in programs and actions related to environmental restoration during 2012 (2011 – USD 556 thousand) together with other measures already planned for future implementation, such the development of the Environment department and changes to the production process, will be sufficient to meet all requirements in terms of site restoration and that the present value of such future actions are not material and has therefore not made any provisions for site restoration nor recorded the corresponding asset

NOTES TO THE STATEMENT OF CASH FLOWS

43 POLICIES AND PROCEDURES

The Company opted for the direct method for presenting the cash flow statement, disclosing the main components of inflows and outflows of cash and cash equivalents. The cash flows generated in currencies other than the USD, are translated into USD using the exchange rate prevailing at the date of the transaction.

The cash flows resulting from extraordinary activities and/or non operational ones, are presented based on the nature of the activities that generated them.

47 CASH AND EQUIVALENTS OF CASH

ACCOUNTS	2012	2011
Cash and equivalents:		
Cash	57	230
Bank accounts	46 217	57 295
TOTAL AS PER BALANCE SHEET	**46 274**	**57 525**

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